

From: Leandros Kontogouris <aphle@otenet.gr>
To: Peter Moulinos <peter@suttonlawgroup.com>; Eleftherios Georgiou <tedgeorgiou@yahoo.com>
Sent: 13 October 2000 09:53
Subject: Re: "Banner Concept"

Dear Panagi an Lefteri,

Further to our earlier conversation and in anticipation to talk to you later, I will try to briefly answer your e-mail below by providing answers after each point in bold letters.

----- Original Message -----

From: Peter Moulinos
To: Leandros Kontogouris
Sent: Τετάρτη, 11 Οκτωβρίου 2000 3:21 πμ
Subject: "Banner Concept"

Leandre,

Thank you for your additional materials which appear very promising. Here are some thoughts and requests:

1. I was wondering if you have any budgets available which can serve as a basis or framework for the company's initial operations with the expectations of raising capital within its first year of operation.

As you may well know, I just graduated from INSEAD and consequently I do not have such budgets readily available (although I could easily raise money after having filed a patent application). Initially my plan was to sponsor the patent application and as soon as I have secured this asset to then look for financing.

I am also a strong believer in lean organizational structures. A company that is reporting to SEC needs a number of full time employees, which of course requires either fat budgets or stock options.

After filing for the patent, my initial plan has been to order a demo of the softwares and then directly approach key-stakeholders, who in principle I would like them to participate with equity in the firm and thus be shareholders as well. In other words, as there are a number of key players that are necessary for the project to be successful, I believe they should formally participate with equity.

I was hoping to avoid VCs and investment banks until a later stage when we all want to go public and our valuation is such as to make it sensible to suffer dilution. That way, we will only sell parts of the company after having added as much value as we can.

In the contrary case of early dilution, we are giving away cheaply shares of a very valuable project. At INSEAD, I met with dozens of VCs and a few I-banks that tried to recruit me and I am well familiar with their methods and practices: it makes a huge difference having them running after us instead of us knocking on their door.

2. Additionally, it would be interesting to see what the company's detailed marketing plans would be.

I do not have a detailed marketing plan yet. The "implementation steps" document that I sent you earlier summarizes what I had in mind. I think that trying to duplicate the expertise and know-how of established players from scratch is a futile exercise. No matter how hard we try, it will be a waste of time and money to develop the software expertise that, say, Macromedia developed through the years.

Our core competence and key asset are a well thought-out concept, a winning and sustainable strategy and most importantly a patent. The rest should be outsourced to the most competent incumbent players.

I am afraid that a detailed marketing plan will only be available after a patent application is filed and we can disclose information and discuss details more freely with consultants.

I have friendly contacts with many top-of-the-line consultants and programmers (former INSEAD

13/10/00

classmates) and a few of the world's best internet strategists (former professors from INSEAD). I know that many of them will be happy to contribute their expertise for a promising project.

3. I am also hoping you can forward to me your resume within the next few days so that I can learn more about your background.

I already attached my resume in my earlier e-mail.

4. Also, who do you propose serve as management of the company as this is a very important factor critical to both the company's success and ability to generate investor interest and capital. The board of directors are also critical and I would propose that you include seasoned persons here in the US as well as from Europe.

As mentioned over the phone there are a number of people that I have in mind that would be eager to serve in the board of directors. I agree with you that seasoned persons contribute credibility to the management team, on top of very valuable experience. Having both US and Europeans is very important indeed.

Again, my early thoughts go to:

- Achilleas Kontogouris, 40 (my cousin and owner of the top Greek investment bank/brokerage)
- Spyros Makridakis, 65 (INSEAD professor of Business Statistics and Forecasting and Chairman of the board of directors of LAMDA, Latsis' new investment vehicle).
- Christoff Zott, 40 (head of entrepreneurship department at INSEAD, or
- Karel Cool (strategy professor at INSEAD).
- Then I would like you and /or your partner to also accept to sit on the board, a legal experts.

In terms of the actively engaged management team, I again favor a lean structure. I believe there should be one carefully selected project manager (CEO?) that will be responsible for following up the subcontracted, outsourced tasks. My idea was that I would serve this role at the early stages until we have progressed enough to attract capital **ON FAVORABLE TERMS**, so that we can afford to hire a true management team. This was my plan until now. If I cannot deliver, I will be the first one to advocate delegating the responsibility to a more experienced internet manager.

5. Do you have a name for the company and concept?

I do not have a name for the company. I flirted for a while with a couple of names for the software. Early on I called it NtO ("Name-to-Obliterate"). A less aggressive one, along the same lines was "ItAS" (Identify-to-Avoid-Subscription). Both these names are descriptive and I only used them to stay focused to the key feature of the software. Naturally, I am open to suggestions although I think a professional marketer might be more appropriate for this.

6. I see in the ZDNet News article that companies charge per 1,000 viewers and the ability to have a user click or enter words into the banner would confirm their read. This is very encouraging and I now am able to more clearly see the concept and utility of the proposed software. I am aware of many patent infringement suits currently amongst many net companies. This has escalated steadily during the past 2-3 years. I would also want to coordinate a strategy with you in the event another entity decides to file a patent infringement suit on us as I may assume that others may be working on something similar to this concept. This once again brings me to the novelty and uniqueness of the software which will be designed as they are the factors which will ultimately decide whether the patent application is successful or not. Do you also have a further vision for the company if the patent is successful, such as alternative software developments, concepts, etc., which the company can build upon.

I hope that after having read the additional material that I sent you, you now better understand

the function of the software. As mentioned before interactive TV and cellular telephone are the other two industries for which we need to immediately file separate patent applications. I believe that those two industries have an even higher growth-potential than internet (which after all requires somewhat sophisticated users). As technologies tend to converge, in future we may have to defend the patent so that it continues to apply in media that are yet to arise. (This is where you come into play).

It is true that there are many infringement-related lawsuits. As said before, the reason why I want the lawyers that will oversee the patent application to also hold a small percentage in the company is not due to the costs involved. It is because I want them to be fully aligned with my interests, the interests of the shareholders. I want you to be fully convinced that it is worth every penny to locate the most capable patent agents to work on this patent.

One thing is certain: there is a strong novelty element in my software and a capable patent agent, under your close supervision, should be able to successfully patent it. Moreover, when it comes to the patents for interactive TV and cellular telephone/PDAs, it can definitely be patented.

One future vision that I have is to also have "classified-banners" in lieu of ads. That is, instead of viewing ads users may choose to be shown classifieds or other similar postings (job postings for example). Revenues will be provided by those posting the classified!

I am feeling very encouraged by the entire concept so far and hope we can work together to achieve success. I spoke this evening briefly with Peter Barnes, an internet and marketing professional who oversees two of our concept sights, however did not go into too much detail about the concept and patent. I basically picked his brain on internet companies, revenue models and banner advertising which was interesting. His feedback was that many companies need what we discussed...revenue pool and sources. It seems like your banner concept would create just that and be much more successful than the current banners out there. I am hesitant to get into too much more detail with him as I do not wish to divulge too much of the project.

As you well know, for a software concept not to be patentable, it suffices that the concept has become common knowledge. Although at this stage, none could patent my concept but me (as I have already filed it with a Greek notary public thus "publishing" it without making it public) I have secured the precedent, or parenthood if you wish. A third party however, could cause damage to all of us by publicizing the concept, thus making it unpatentable (and easy prey to the big incumbents).

Of course, there is some inherent risk in discussing novel ideas: that's unavoidable. Just please make sure that you receive signed non-disclosure agreements from people you talk to and most importantly make sure that they are honest people.

I would like to discuss this further now with both my partner, Shane Sutton, and determine our next step. I would also like to address the issue of the process of obtaining the patent and determine what would be the most effective way to proceed. As I mentioned, we can proceed to obtain the patent on behalf of the formed company however as you wish to have the patent in your name this may pose a problem. Please provide whatever you have in relation to this. I previously worked with another colleague on a patent matter and would probably choose to work with him once again. I can try to put together for you by early next week a step by step framework as to how I foresee the whole process and would then ask for your feedback and insight as to whether you agree on my proposed steps forward. That process will include the very start through to where I would think the company can go within one year...including NASDAQ listing and potential expansion. I think that if we have a general agreement on how to proceed, I would be happy to fly to Athens for a long weekend and begin our formal process of presenting the proposed company and receiving your materials for commencement of the patent application. The company currently exists and is named "Hellas Capital Trading". The name can be changed and I will provide you the details of the formal corporate structure and utility in my proposed plan. For your information, Hellas Capital Trading was a company I created to form an online Greek internet trading which did not proceed with its business plan based upon the inability to locate a strategic partner in Greece. The company has no assets and no liabilities and is considered a shell company.

This is a very interesting proposal; it is something that if you wish to contribute as asset in the company, we have to carefully consider. However, before proceeding with this, it is of paramount importance that we allocate the different patents for the different industries to different legal entities (thus avoid dilution of our stakes in all industries)

It is also important that we carefully examine the prospect of creating an offshore company to be bequeathed with the goodwill of the patents (for obvious tax-purposes which nonetheless reduce profits by almost 40%).

I am looking forward to talk to you in a couple of hours.
rgds, Leandros

Nevertheless, I will go into more detail on that later. In the meantime, I look forward to the additional materials and will speak to you later in the week.

Geia xara,
Peter